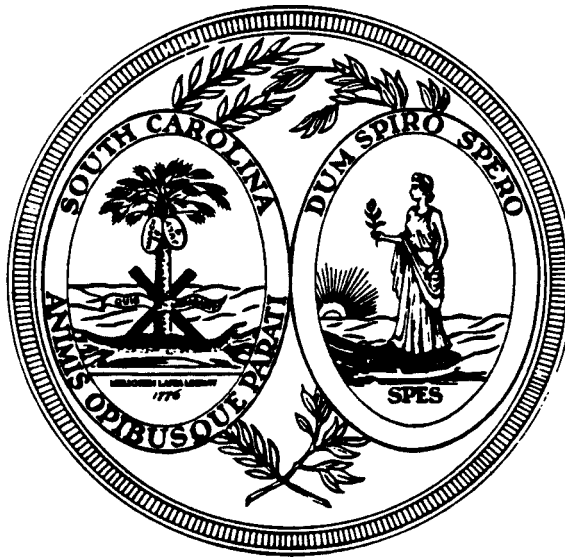


LAC

Report to the General Assembly

May 1999

A Limited-Scope Review of the GLEAMNS Human Resources Commission



Legislative Audit Council

400 Gervais Street
Columbia, SC 29201
(803) 253-7612 VOICE
(803) 253-7639 FAX

Public Members

Dill B. Blackwell, Chairman
Philip F. Laughridge, CPA, Vice Chairman
J. Bennette Cornwell, III
Nancy D. Hawk, Esq.
Harry C. Wilson, Jr., Esq.

Members Who Serve Ex Officio

James E. Bryan, Jr.
Senate Judiciary Committee
Ernie Passailaigue
Senate Finance Committee
Henry E. Brown, Jr.
House Ways & Means Committee
James H. Harrison
House Judiciary Committee

Director

George L. Schroeder

Authorized by §2-15-10 *et seq.* of the South Carolina Code of Laws, the Legislative Audit Council, created in 1975, reviews the operations of state agencies, investigates fiscal matters as required, and provides information to assist the General Assembly. Some audits are conducted at the request of groups of legislators who have questions about potential problems in state agencies or programs; other audits are performed as a result of statutory mandate.

The Legislative Audit Council is composed of five public members, one of whom must be a practicing certified or licensed public accountant and one of whom must be an attorney. In addition, four members of the General Assembly serve ex officio.

Audits by the Legislative Audit Council conform to generally accepted government auditing standards as set forth by the Comptroller General of the United States.

Copies of all LAC audits are available to the public at no charge.

A Limited-Scope Review of the GLEAMNS Human Resources Commission was conducted by the following audit team.

Audit Team

Audit Manager

Priscilla T. Anderson

Associate Auditor

Marcia Ashford Lindsay

Associate Auditor

Jeanine N. King

Typography

Candice H. Pou
Maribeth Rollings Werts

Staff Counsel

Andrea Derrick Truitt

LAC

Report to the General Assembly

A Limited-Scope
Review of the
GLEAMNS Human
Resources Commission

Contents

Synopsis

..... v

Chapter 1 Introduction

Background and History 1
Audit Objectives 4
Scope and Methodology 5

Chapter 2 Grant Administration

Head Start Expenditures 7
Head Start Policy Council 10
CSBG Funds 11

Chapter 3 Personnel Management

Employee Grievances 13
Employee Salary Decreases 16
Staff Qualifications 18
Employee Performance Evaluations 20

Chapter 4 Board Issues

Selection Process for Board Members 21
Terms of Office 24
Board Member's Appointment 25

Appendices

A Organizational Chart 29
B CSBG Community Action Agencies 31
C Agency Comments 33

Contents

Synopsis

Members of the General Assembly who requested this audit were concerned about GLEAMNS' expenditure of grant funds, its use of boards that work with the Head Start program, and the selection and terms of members of GLEAMNS' governing board. We examined these and other areas identified during our preliminary fieldwork. Our findings are summarized as follows.

- ❑ Without prior approval or proper documentation, GLEAMNS has routinely paid a vendor, who contracts to provide janitorial services in four Head Start centers, for services other than those contracted. This business was paid \$112,500 (43% of total payments of \$258,935) for services not authorized by contract (see p. 7).
- ❑ GLEAMNS' governing board and upper-level management have sometimes disregarded or not allowed input from the Head Start policy council on issues requiring the council's approval (see p. 10).
- ❑ We found no evidence that GLEAMNS used community service block grant (CSBG) funds for purposes other than those authorized by the grant (see p. 11).
- ❑ GLEAMNS has not followed its policy for handling employee grievances. In one case, the former chairman of the GLEAMNS board was allowed to participate in a grievance involving him. Also, no specific GLEAMNS staff has assumed responsibility for handling grievances. According to an agency employee, the status of 20 (47%) of 43 grievances was unknown; in five cases, the nature of the grievance was also unknown (see p. 13).
- ❑ In May 1998, GLEAMNS reduced the salaries of 11 Head Start employees in amounts that ranged from \$1,352 to \$16,619 a year. One primary reason provided by GLEAMNS management for these decreases was directly related to the results of a wage comparability study. We found no evidence that this study or the decreases had been approved by the governing board (see p. 16).
- ❑ A total of 16 (59%) of 27 employees in our sample did not meet GLEAMNS' minimum training requirements for the positions they held (see p. 18).
- ❑ As required by its policy, GLEAMNS did not conduct 126 (67%) of 187 performance evaluations in our sample (see p. 20).

- ☐ GLEAMNS has not developed guidelines to select board members who represent the poor sector, and has not designated target areas where poverty is concentrated to ensure that persons from this sector fully participate in the selection process (see p. 21).
- ☐ Ten persons have served on the GLEAMNS Board of Commissioners beyond the time period allowed by state law (see p. 24).
- ☐ We concluded that the selection of the current board member who represents the private sector of Laurens County was made in accordance with GLEAMNS bylaws (see p. 25).

Introduction

Background and History

In 1976, GLEAMS (excluding Newberry County) was created by Act 670 of the General Assembly as a public agency. The GLEAMNS Human Resources Commission manages programs to assist the poor in designated areas of the state. The agency's general service area includes the counties of Greenwood, Laurens, Edgefield, Abbeville, McCormick, Newberry, and Saluda (GLEAMNS). In addition, GLEAMNS operates Head Start programs in these counties and in Fairfield, Lexington, and Richland counties. The agency's central office is located in Greenwood County.

GLEAMNS has undergone various status and name changes over a 30-year period. In 1966, Greenwood-McCormick-Abbeville Community Actions was incorporated. From 1966 to 1974, the corporation had two name changes due to changes in its service area.

The Federal Community Services Block Grant Act provides that a geographic area within a state which ceases to be served by one eligible entity must be served by another. In 1982, Anderson County was added to the agency's service area but requested to be dropped from the area in 1993. This request was approved by the agency's board and the General Assembly in 1993 and Anderson County was placed within another service area. Newberry County became a part of the service area in 1993. These changes resulted in the commission's present name of GLEAMNS.

GLEAMNS has six program components.

Head Start — Provides developmental services for low-income, preschool children from ages three to five, and social services for their families.

Job Training Partnership Act (JTPA) — Offers assistance and training to adults and out-of-school youth in finding employment.

Child Development — Provides child development services to parents who are working, in school, or in job training.

Community Services Block Grant (CSBG) — Provides activities to reduce poverty and encourage improvements in shelter, employment, education, and quality of life.

Low Income Home Energy Assistance Program (LIHEAP) — Offers assistance with heating and cooling needs to low-income persons.

Weatherization — Focuses on lowering utility and fuel bills through energy conservation and other measures to make homes more energy efficient.

The Office of the Governor's Division of Economic Opportunity (DEO) monitors and provides technical assistance for the CSBG, LIHEAP, and weatherization programs. DEO conducts periodic reviews of these programs at GLEAMNS and in the 14 other community action agencies throughout the state.

GLEAMNS is governed by a 21-member board — the GLEAMNS Board of Commissioners, which is composed of three representatives from each of the seven counties it serves. Board members represent the public, private, and poor sectors of these counties. The selection of the GLEAMNS board is discussed further on page 21.

One-third of the board is made up of public officials who are appointed to the board by the governmental body they represent. These persons may serve on the board as long as they hold public office. A public official may designate a representative to serve on the board. No more than one-third of the board may represent private community groups such as those with civic, religious, or other community interests. As provided by agency bylaws, the board is to determine the private organizations that will serve on the board. Each private organization is to inform GLEAMNS of its designee.

At least one-third of the board must represent the poor of the area served. These board members, unlike those representing the public and private sectors, are elected rather than appointed to the board. Meetings are held to elect these persons. As provided by state law, the terms of board members who represent the poor and private sectors are limited to five consecutive years and ten total years.

GLEAMNS is not subject to state laws which govern areas such as procurement and personnel. Rather, GLEAMNS is governed by bylaws established by its board and policies and procedures approved by the board.

The commission's total budget for FY 97-98 (April 1– March 31) was \$12,758,104. Of this amount, \$4.8 million was expended for personnel. GLEAMNS is supported primarily by federal grant funds from agencies such as the U.S. Department of Health and Human Services and the U.S.

Department of Energy. GLEAMNS receives limited state funds. For example in FY 97-98, the agency received \$29,738 in state funds from the South Carolina Department of Education, which were used for screening children with disabilities in one county of its service area.

GLEAMNS' total revenues in FY 98-99 were \$14.4 million as shown in Table 1.1. Funds, except those for Head Start, the administrative cost pool, SCE&G, SDE, and fan relief, are passed through a state entity or a regional entity (the East Coast Migrant Head Start Program) to GLEAMNS. As of January 1999, the commission had a staff of 283 full-time and 72 part-time employees.

**Table 1.1: GLEAMNS FY 98-99
Revenues**

Program	Appropriation	Funding Period
Head Start	\$8,829,874	April 1 – March 31
Administrative Cost Pool	\$860,509	April 1 – March 31
After School Program	\$227,265	April 1 – March 31
Child Care Food Program	\$1,255,431	October 1 – September 30
Child Development	\$358,561	September 1 – August 31
Community Services Block Grant (CSBG)	\$473,950	January 1 – December 31
East Coast Migrant Head Start Program	\$210,280	February 1 – January 31
Job Training Partnership Act ¹ (JTPA)	\$1,506,160	July 1 – June 30
Low Income Home Energy Assistance Program (LIHEAP)	\$61,344	October 1 – September 30
Weatherization	\$548,193	April 1 – March 31
South Carolina Electric and Gas (SCE&G)	\$17,561	October 1 – September 30
South Carolina Department of Education (SDE)	\$22,887	July 1 – June 30
Fan Relief	\$1,350	October 1 – September 30
TOTAL	\$14,373,365	

1 Includes the JTPA Summer Program which operates from July 1 to September 30.

Source: GLEAMNS Finance Department.

Audit Objectives

Members of the South Carolina General Assembly requested that we audit the GLEAMNS Human Resources Commission. The audit requestors asked that we focus on the expenditure of grant funds, the use of boards that work with the Head Start program, and the appointment of GLEAMNS board members. We also conducted preliminary fieldwork to identify other audit objectives. The objectives for our review were as follows.

- ☐ Determine if members of the GLEAMNS Board of Commissioners have been appointed according to agency bylaws and federal regulations (see p. 21).
- ☐ Determine if terms of office for members of the Board of Commissioners are in accordance with state law (see p. 24).
- ☐ Determine if boards that work with the Head Start program are utilized according to federal regulations (see p. 10).
- ☐ Determine if Head Start program funds have been expended in accordance with federal guidelines (see p. 7).
- ☐ Determine if community service block grant (CSBG) funds have been expended in accordance with federal guidelines (see p. 11).
- ☐ Determine the basis of employee salary decreases (see p. 16).
- ☐ Determine if employees meet minimum training and experience requirements (see p. 18).
- ☐ Determine if employees have been evaluated according to agency policy (see p. 20).
- ☐ Determine if employee grievances have been handled as specified in policy (see p. 13).
- ☐ Determine if accounts are paid in a timely manner (see p. 12).

Scope and Methodology

Our primary period of review was April 1996 to March 1998 — two fiscal years. The fiscal year of various programs administered by GLEAMNS differ (see Table 1.1). However, for Head Start, GLEAMNS' largest program, and three other programs, the fiscal year begins on April 1 and ends on March 31.

Our primary sources of evidence included:

- State and federal laws and regulations.
- GLEAMNS bylaws, policies, and procedures.
- State and federal audits of programs administered by GLEAMNS.
- GLEAMNS financial records.
- Interviews with officials from GLEAMNS , the Office of the Governor's Division of Economic Opportunity, and the U.S. Department of Health and Human Services.

We conducted various samples during our review. For example, we sampled vouchers to determine if federal funds were expended as authorized by law. We also tested management controls of payments for goods and services.

In most cases, we did not rely upon computer-generated data to meet our audit objectives. However, when this data was viewed with other available evidence, we believe the opinions, conclusions, and recommendations in this report are valid.

This audit was conducted in accordance with generally accepted government auditing standards.

Chapter 1
Introduction

Grant Administration

GLEAMNS administers programs for the poor which are generally funded through federal grants. We examined the use of Head Start and CSBG grant funds to determine if they were expended according to federal guidelines. Also, we reviewed the participation of the Head Start policy council in decisions concerning the Head Start program, as required for grantees. In FY 98-99, funding for the Head Start program amounted to approximately \$9 million. As of January 1999, GLEAMNS employed 200 full-time and 50 part-time Head Start employees. Our findings related to grant administration follow.

Head Start Expenditures

Without adequate documentation and prior approval, GLEAMNS has routinely paid a vendor for services other than those contracted.

The U.S. Department of Health and Human Services (DHHS) funds Head Start, a program for preschool children from disadvantaged homes. GLEAMNS operates 20 Head Start centers in 10 counties — Abbeville, Edgefield, Fairfield, Greenwood, Laurens, Lexington, McCormick, Newberry, Richland, and Saluda.

According to federal regulations, Head Start funds may be used for expenditures directly related to the program. We reviewed a judgmental sample of 48 Head Start expenditures such as those for travel and vehicle maintenance from April 1997 to September 1998. During this period, approximately \$4.1 million was expended in Head Start funds.

Although we found no material problems with the expenditures reviewed, GLEAMNS has not followed its policies or standard practices in handling transactions with a vendor who contracts to provide services for the Head Start program.

Payments to Contractor for Other Services

Without adequate documentation and prior approval, GLEAMNS has routinely paid a vendor for services other than those contracted. This business contracts with GLEAMNS to provide janitorial services in four Head Start centers, but has requested payment for additional services in these and other centers. From April 1996 to November 1998, GLEAMNS paid this contractor a total of \$258,935 (see Table 2.1). Of this amount, \$146,435 (57%) was for work required by the contracts while the remaining \$112,500 (43%) was for services not required by contract. Non-contracted services included tasks such as painting and moving furniture.

Table 2.1: Vendor Payments for Contracted and Other Services

Type of Service	FY 96-97	FY 97-98	FY 98-99 ¹	TOTAL
Contracted Janitorial	\$41,275	\$62,215	\$42,945	\$146,435
Other	\$23,550	\$53,058	\$35,892	\$112,500
TOTAL	\$64,825	\$115,273	\$78,837	\$258,935

¹ Payments through November 23, 1998.

Source: GLEAMNS records.

In reviewing requests for some payments, we found no evidence that an hourly rate had been established for this business. In addition, the invoices submitted by the business did not indicate the number of hours required to complete the work. Also, in some cases, we found no evidence that agency personnel approved the work before it began.

A May 1998 memo from the GLEAMNS administrative director to the executive director addressed problems with verifying the work completed by this vendor. For example, in one case, center staff did not know if sidewalks had been power washed and staff stated that they did not request this service. In another instance, although payment was requested, staff did not know anything about the servicing of air conditioners. According to GLEAMNS officials, center staff were not aware of these services since the work was completed after normal work hours. The memo further stated that this was not the first time GLEAMNS had problems verifying that work had been completed.

In June 1998, GLEAMNS implemented procedures concerning approval of maintenance work. However, our request for payments submitted by this vendor after this time indicated problems with adequate documentation.

For FY 97-98, we reviewed payments to three other vendors who were awarded contracts to provide janitorial services in Head Start centers. Two of these vendors were not paid any funds beyond the contract amounts. The third vendor received approximately \$4,942 (8%) for services beyond the contract with total payments of \$59,066.

Bidding Process

Without soliciting bids, GLEAMNS has also allowed the vendor, who contracts for cleaning services in the four centers, to perform work totaling \$1,000 or more, the dollar amount required by agency policy for bids. In four cases reviewed, without solicitation of bids by the agency, this business provided total services ranging from \$1,200 to \$1,975.

According to GLEAMNS officials, in two cases, the services were within the scope of contracts between the agency and the vendor, but were considered “additional” work to those authorized by the contract. In the other two cases, an official told us that as a result of combining services, total costs exceeded \$1,000. However, we found no evidence that the amounts were separate. The services were listed on one invoice with one total amount.

Conclusion

Sound business practice dictates that supporting documentation be reviewed prior to approval of payment for services. By not implementing sound management controls, the agency has not ensured that payments for services were warranted.

Recommendations

1. The GLEAMNS Human Resources Commission should ensure that prior approval is obtained for all work by contracted employees. GLEAMNS should also require adequate verification that the work conducted by contractors has been completed properly.
2. GLEAMNS should follow its fiscal operating policies by soliciting bids for goods or services costing over \$1,000.

Head Start Policy Council

The GLEAMNS governing board and agency management have sometimes disregarded or not allowed input from the Head Start policy council on issues requiring the policy council's approval. For Head Start programs, federal regulations provide that grantee agencies establish a policy council to participate in shared decisions with the governing board and upper level management of the agency.

At GLEAMNS, each of the 20 Head Start centers must elect one parent to the policy council and community representatives may also serve on the policy council. As of February 1999, the GLEAMNS policy council consisted of 20 Head Start parents and one community representative.

Federal Head Start performance standards provide that the policy council approve certain policies and procedures for the Head Start program. For example, the policy council must approve procedures for Head Start program planning. The policy council must also approve the hiring or termination of the Head Start director and other Head Start employees. We reviewed minutes of policy council meetings and other agency documents and found the following.

- ❑ In October 1996, the policy council approved the termination of a Head Start teacher assistant who was accused of using corporal punishment. Approximately one month later, the agency reinstated the employee after the executive committee of the board met (see p. 14). In a December 1996 letter to the chairman of GLEAMNS' governing board, the U.S. Department of Health and Human Services (DHHS — the funding source for the Head Start program) expressed concern that this employee had been reinstated. DHHS also stated that the use of corporal punishment, which the employee admitted to, was reason for immediate dismissal.
- ❑ In July 1996, the then board chairman, without the approval of the policy council, implemented a freeze on hiring all employees including those working with Head Start. After an inquiry from the chairwoman of the policy council and a special meeting of the full board, the freeze, which was in effect for approximately two months, was lifted.
- ❑ In January 1996, before obtaining approval from the policy council, GLEAMNS staff terminated a Head Start teacher. GLEAMNS reinstated this employee as a teacher in March 1996.

The GLEAMNS governing board and agency management have sometimes disregarded or not allowed input from the Head Start policy council . . .

In September 1997, after receiving many calls from Head Start employees, parents, and other citizens, DHHS requested a meeting with the GLEAMNS board to address several concerns, including disregard for the authority of the policy council. DHHS delayed meeting with the board after receiving a written response from the board chairman. In September 1998, DHHS conducted its three-year, on-site review of GLEAMNS, and found no problem with shared decision-making involving the policy council. According to a DHHS official, this conclusion was based on interviews and observation of a policy council meeting.

In September 1998, GLEAMNS developed written procedures for implementing shared decision-making. These procedures may help to ensure that decisions regarding the Head Start Program include the policy council.

Recommendation

3. The GLEAMNS Human Resources Commission should ensure that decisions concerning the Head Start program are shared by the policy council, the GLEAMNS governing board, and GLEAMNS upper-level management as outlined by federal regulations.

CSBG Funds

We found no evidence that GLEAMNS used CSBG funds for purposes other than those authorized. The community services block grant (CSBG) program, funded by the U.S. Department of Health and Human Services, is an effort to promote the self-sufficiency and stabilization of individuals and families. CSBG funds are typically used to provide direct assistance such as food, rent, and utility costs to persons who meet income eligibility guidelines.

Consistent with the concept of block grants, the federal government passes funds to the state to assist local entities. In South Carolina, the Office of the Governor's Division of Economic Opportunity (DEO) oversees and provides technical assistance for CSBG programs at GLEAMNS and the 14 other community action agencies throughout the state. Table 2.2 shows the total revenues and expenditures for the CSBG program at GLEAMNS in the past two years.

**Table 2.2: CSBG Funds —
Calendar Years 1997 and 1998**

Funds	1997	1998
Revenues	\$437,979	\$473,950
Expenditures	\$394,888	\$440,459
Carry Forward	\$43,091	\$33,491

Source: GLEAMNS records

The federal government does not audit the expenditure of CSBG funds at individual agencies. Rather, the U.S. Department of Health and Human Services conducts a compliance review which focuses on state compliance with CSBG requirements.

The Office of the Governor performs program and fiscal reviews of CSBG programs. We reviewed the 1998 fiscal review and the 1997 program review of the CSBG program at GLEAMNS. According to DEO officials and as confirmed by these reports, there were no major problems found with operation of the CSBG program.

To determine if the agency expended funds in accordance with the grant requirements, we reviewed a sample of 79 client assistance payments made between April 1996 and March 1998. Our review indicated no material problems with these expenditures.

Accounts Payable

In May 1996, the GLEAMNS Board of Commissioners approved a policy which required that accounts be paid within 45 days of the service provided. We reviewed 79 payments for financial assistance to CSBG clients, processed from April 1996 to March 1998, and found that GLEAMNS paid suppliers within 45 days.

Personnel Management

We examined personnel issues including employee grievances, salary decreases, performance evaluations, and staff qualifications. Discussion of these areas follow.

Employee Grievances

The GLEAMNS board has approved procedures for handling employee grievances. However, the agency has not followed these procedures, which are contained in its policies and procedures manual. Also, no agency staff have been assigned responsibility for coordinating actions concerning grievances.

The agency's formal grievance procedures include the following steps.

- The employee is to file a grievance with the agency within 10 days of the action grieved.
- For Head Start employees, if the grievance is not resolved within the agency, the employee can appeal to the Head Start policy council for a hearing. Head Start employees may appeal to the personnel grievance committee only after appeal to the policy council. The grievance committee is composed of four members of the GLEAMNS Board of Commissioners.
- For employees other than Head Start, if the grievance is not resolved within the agency, the employee can appeal to the personnel grievance committee for a hearing.
- For all employees, if the grievance is not resolved, it is appealed to the full board. The decision of the board is final.

Handling of Grievances

According to an agency official, 43 employee grievances were filed at GLEAMNS from April 1996 to September 1998. This official stated that 16 of these grievances were closed. We attempted to review all of these 16 cases to determine if they were handled as outlined by agency procedures. However, documentation on 4 grievances could not be located. We reviewed the remaining 12 cases and found discrepancies between the handling of grievances and established agency procedures, as well as other problems. For example:

- ❑ In September 1997, an employee filed a grievance which accused both the GLEAMNS board chairman and the GLEAMNS executive director of harassment. We found that the board chairman participated in the handling of this grievance. In a September 1997 board meeting where the employee's grievance was discussed, the chairman stated that he approved the employee's request to appear before the full board. He then proceeded to read the employee's complaint against him and the executive director. Afterwards, the chairman abstained from further discussion of the case. Although the employee appeared before the board, the board determined that the employee's concerns were outside of its purview. The following day, the chairman wrote the employee a letter informing her that the full board voted unanimously to accept his (the chairman's) recommendation not to hear her case. The employee then pursued relief outside of the agency.
- ❑ In another case regarding the involuntary termination of an employee, the board's executive committee (officers of the board) intervened in the grievance process and the agency reinstated the employee to the position. Agency grievance procedures do not include the executive committee as a party in the resolution of employee grievances.

GLEAMNS may be vulnerable when employees seek resolution through the legal system.

Because GLEAMNS has not followed its procedures for handling grievances, the agency may be vulnerable when employees seek resolution through the legal system. An internal grievance process is a means to allow the resolution of employee problems and complaints in a timely and cost-effective manner. When the grievance process is circumvented and policies and procedures are not followed, employees may seek outside relief which is both more time consuming and costly to the organization.

Grievance Administration

No department of GLEAMNS has responsibility for the administration of grievances. The executive director's office maintains a correspondence file which contains limited information on grievances. Also, according to the manager of the human resources office, that office is sometimes not informed when a grievance has been filed, and as a result, "bits and pieces" of information on grievances may be in individual personnel files.

We reviewed information on grievances maintained in both the executive director's and the human resources offices. As noted earlier, we were unable to locate four of the grievances which an official said had been closed. We also found other problems related to the location of grievance information, including:

- In 20 (47%) of the 43 grievances filed, the status of the grievance was unknown. In 5 of these cases, the nature of the grievance was also unknown.
- In 3 of the 12 cases reviewed, the date the grievance proceeding was held could not be determined.
- In a June 1998 letter from the human resources manager to the Head Start director, the human resources manager questioned whether an employee had filed a grievance. According to the manager, the employee stated that her grievance had not been addressed.

GLEAMNS officials stated that 10 of the 20 grievances, in which the status was unknown, were identified as closed during our review. Also, officials stated that another case, not included on the list of grievances was closed.

The human resources manager told us that GLEAMNS' policies do not require that office to maintain documentation on grievances. However, the administration of grievances is typically a personnel function. Since GLEAMNS' grievance procedures are contained within the agency's *personnel* policies and procedures manual, the handling of grievances is within the purview of the human resources office.

Recommendations

4. The GLEAMNS Human Resources Commission should ensure that employee grievances are handled as outlined in agency procedures.
5. The GLEAMNS human resources office should assume administrative responsibility for grievances.

Employee Salary Decreases

One of our audit objectives was to determine why the salaries of 11 Head Start employees at GLEAMNS were reduced in May 1998. The decreases ranged from \$1,352 to \$16,619 a year (see Table 3.1).

Table 3.1: Salary Decreases for GLEAMNS Head Start Personnel

Former Job Title	Current Job Title	Amount of Decrease
Assistant Mental Health Coordinator	Center Coordinator ¹	\$1,352
Assistant Parent Involvement/ Social Services Coordinator	Case Manager/ Center Coordinator	\$1,955
Assistant Health Coordinator	Case Manager	\$3,286
Cognitive Manager	Center Coordinator	\$3,453
Children Services Manager	Center Coordinator	\$3,474
Assistant Mental Health Coordinator	Case Manager	\$3,557
Health Coordinator	Case Manager ²	\$6,448
Team Leader	Case Manager	\$7,238
Assistant Mental Health Coordinator	Case Manager	\$7,238
Assistant Parent Involvement/ Social Services Coordinator	Case Manager	\$7,238
Administrative Manager of Compliance	Center Coordinator	\$16,619

¹ This employee's salary was restored as a result of a grievance.

² This title change occurred over five years ago but there was no salary adjustment at that time.

In April 1998, a GLEAMNS official notified the employees that their salaries would be decreased. Generally, the employees' jobs were eliminated, and they were assigned to other positions with less pay.

The reasons provided for the decreases included:

- The results of a wage comparability study of GLEAMNS.
- A reduction in the number of classrooms and center size for four Head Start center coordinators.
- Elimination of positions that seven of the employees formerly held.

We found no evidence that the salary decreases or the wage comparability study were approved by the agency's board when the decreases became effective in May 1998. The board had still not approved the study as of December 1998. Further, the reductions in classroom and center size were proposed as a part of the wage study. We confirmed that the seven positions were eliminated as a part of the agency's restructuring of the Head Start program.

We found no evidence that the salary decreases or wage comparability study were approved by the agency's board when the decreases became effective . . .

The Administration for Children and Families of the U.S. Department of Health and Human Services (DHHS) is the funding and oversight entity for the Head Start program. According to an official of that agency, DHHS recognized personnel problems at GLEAMNS several years ago and recommended that the agency implement measures to ensure that persons in comparable positions receive comparable pay. This official stated that it was left to the discretion of GLEAMNS as to what measures to take.

In an April 1998 letter, DHHS commended GLEAMNS on the proposed salary schedule and supported implementation of the wage study. However, the DHHS cautioned GLEAMNS to take steps to ensure that staff were reassigned or offered other positions with comparable pay. We found no evidence that GLEAMNS' management considered alternatives other than decreasing employee pay.

Decreasing the salaries of current employees is likely to have a negative impact on employee morale and performance.

Salary Decreases for Reassigned Employees

The 11 Head Start employees whose salaries were decreased were reassigned as case managers and/or center coordinators (see Table 3.1). As provided by agency policy, the salary decrease for a reassigned employee shall not exceed that employee's previous salary or the maximum salary for the employee's new position, whichever is less. According to GLEAMNS management, the salaries for the 11 Head Start employees, after reassignment, were guided by the agency's wage comparability study. However, as noted earlier, the GLEAMNS' board had not approved this study when the decreases went into effect in May 1998, and had still not approved the study as of December 1998.

Recommendations

6. Prior to decreasing the salaries of current staff, the GLEAMNS Human Resources Commission should consider measures to reassign staff to positions with comparable pay.
7. GLEAMNS should follow its policy regarding salary decreases for reassigned employees.

Staff Qualifications

GLEAMNS has hired persons who did not meet the minimum training and experience requirements for the positions for which they were hired. We reviewed the personnel records of 27 of 52 (52%) of the employees hired between April 1996 and September 1998. We also reviewed job descriptions established by the agency, which define minimum requirements. Our review indicated that 16 (59%) of 27 employees did not meet the minimum training and experience requirements for their positions.

We reviewed the job descriptions in effect when the employees were hired and found the following.

. . . 16 (59%) of the 27 employees did not meet minimum training and experience requirements . . .

- ❑ Head Start Director — We found no evidence that this individual had experience in administering early childhood education or early childhood development programs, as required.
- ❑ Head Start Teacher Assistants — We reviewed the personnel files of 12 assistants and found that 10 of these individuals did not meet the minimum job requirements. In 7 cases, we found no evidence that the assistant had a high school diploma or the equivalent, as required. In 5 cases, we found no evidence that the assistant was certified in child care, as required.
- ❑ Case Managers for the Job Training Partnership Act (JTPA) — We found no evidence that two persons hired had “2 years of experience in a social services environment,” as required.

GLEAMNS’ human resources office is responsible for verifying the credentials of potential employees. According to the human resources manager, it is difficult to obtain all of the necessary documentation due to the large number of employees hired by the agency.

GLEAMNS has not ensured that all new employees meet the minimum requirements for their positions. This may contribute to a perception of inconsistent and unfair hiring practices.

Recommendation

-
8. GLEAMNS should ensure that individuals hired meet the minimum training and experience requirements established by the agency.

Employee Performance Evaluations

. . . 126 (67%) of 187 annual evaluations required . . . had not been completed.

Recommendation

GLEAMNS has not conducted performance evaluations as required. According to GLEAMNS' personnel policies, new employees are to be evaluated after the first 90 days of employment, and all employees are to be evaluated annually.

We selected a sample of 56 employees to determine if evaluations had been completed as required by policy; 2 of the employees' personnel files could not be located by the human resources department. We reviewed the remaining 54 files, and found that 126 (67%) of 187 annual evaluations required for each year from 1993 to 1997 had not been completed. We did not include evaluations required for 1998 since our sample was completed before the year ended. Eleven employees received no annual evaluations during this period. In addition, 13 (65%) of the 20 employees hired since 1993 were not evaluated 90 days after they were hired.

In October 1998, the GLEAMNS board assigned a task force to review performance evaluation practices. As of January 1999, this task force had not completed its review.

Evaluations provide an objective and uniform method to appraise employee performance. Failure to formally measure employee performance may leave the agency without a documented history of an employee's performance.

-
9. The GLEAMNS Human Resources Commission should complete employee performance evaluations 90 days after employment and thereafter on an annual basis.

Board Issues

The audit requestors were interested in issues related to the selection and terms of members of the GLEAMNS Board of Commissioners. Our findings are discussed below.

Selection Process for Board Members

GLEAMNS is governed by a 21-member board. As provided by state law, each of the seven counties in the agency's service area has three seats on the board. Each county has a member who represents the public sector, a member who represents the private sector, and a member who represents the poor sector.

A board member from the public sector must be an elected official or a representative appointed by an official. As of January 1999, the seven persons who represented the public sector on GLEAMNS' board were all appointed by the county council of each county. Members from the public sector may serve on the board as long as they hold public office. The member from Greenwood County has served approximately 10 years, the longest period for current board members representing the public sector.

GLEAMNS bylaws provide that the board is to determine the private organizations that will serve on the board. Each private organization informs GLEAMNS of its designee. Members may represent private community organizations such as those with civic, religious, or other community interests. The private organizations represented on GLEAMNS' board as of January 1999 are shown in the table below.

Table 4.1: GLEAMNS Board Members Representing the Private Sector

County	Private Organization
Greenwood	Ministerial Alliance
Laurens	National Association for the Advancement of Colored People (NAACP)
Edgefield	American Red Cross
Abbeville	(Seat Vacant)
McCormick	McCormick County Gun Club
Newberry	Realtor Association
Saluda	(Seat Vacant)

Source: GLEAMNS records.

Board members who represent the poor sector, unlike those representing the public and private sectors, are elected rather than appointed to the board. As provided by state law, the terms of these members and those representing the private sector are limited to five consecutive and ten total years.

We reviewed the process for selecting members to the GLEAMNS board and found problems regarding the selection of members who represent the poor sector. The board has not developed guidelines to select members from this sector. Also, GLEAMNS has not designated target areas where poverty is concentrated to ensure that persons from the poor sector fully participate in the selection process. Our findings are discussed below.

Election of Members to Represent the Poor Sector

The Community Services Block Grant Amendments of 1994 require that board members representing the poor sector be chosen according to democratic selection procedures. GLEAMNS bylaws provide for meetings to elect members to represent the poor sector. In addition, the bylaws require these meetings to be advertised.

We interviewed GLEAMNS officials in the central office and in four of the seven counties served. We also reviewed documentation of meetings held to elect members from the poor sector. Our review indicated the following.

- ☐ Information on meeting attendance may be inaccurate. Persons listed as attending meetings told us that they did not attend the meetings.
- ☐ Minutes of meetings did not indicate the persons voting to select the board member. In one case, close relatives of the GLEAMNS executive director were listed as attending a meeting. We could not determine if these persons participated in the voting process.
- ☐ A GLEAMNS employee, who helped to organize a meeting, stated that the only other person attending that meeting filled the board vacancy. To this employee's knowledge, there was no other meeting held to actually elect this individual to the board.
- ☐ In at least one of the four counties, meetings are not advertised.
- ☐ One county employee, who is responsible for coordinating meetings, stated that she was not familiar with the process to select members from the poor sector.

Other community action agencies in South Carolina have developed procedures to elect members from the poor sector. The Lowcountry Community Action Agency requires a membership committee to supervise the selection process. In addition, persons attending meetings are to sign a register and those voting must sign a declaration that they meet criteria established by federal income guidelines. Agency officials are then to verify that the minutes and other documents related to meetings are accurate.

Target Areas for the Poor Sector

The Community Services Block Grant Amendments of 1994 require that board members from the poor sector be representative of the poor in the area served. In addition, GLEAMNS bylaws require the board members to be selected from various neighborhoods and target areas. The bylaws further provide that special emphasis be directed toward ensuring that residents of targeted areas where poverty is concentrated fully participate in the selection process and that the board is to define distinct target areas. According to agency officials, GLEAMNS has not targeted specific communities, but rather requires only that the board member be a resident of the given county.

The Charleston County Human Services Commission and the Lowcountry Community Action Agency have identified target areas for the poor. In both agencies, persons selected must reside in designated areas. The areas are listed in the respective bylaws along with other guidelines for selecting persons to represent the poor sector.

Conclusion

GLEAMNS should develop and implement procedures to ensure that persons who represent the poor sector are elected in a fair and consistent manner. Also, the board should designate target areas in which these persons are to reside. Because GLEAMNS has not established target areas, there is less assurance that residents of poor communities fully participate in the selection process and that persons selected truly represent the poor.

Recommendations

10. The GLEAMNS Board of Commissioners should develop procedures for selecting board members who represent the poor sector. At a minimum, these procedures should require documentation of all meetings, require all attendees to sign-in, and specify requirements to be eligible to vote.
 11. The GLEAMNS board should target and define distinct boundaries of communities where poverty is concentrated. This information should be included in the agency's bylaws and updated as changes occur.
-

Terms of Office

Section 43-41-60 of the South Carolina Code of Laws provides that board members who represent the poor and private sectors are to serve for two years and until a successor is appointed and qualified. In addition, the law provides that these persons can serve no more than five consecutive years or ten total years.

GLEAMNS bylaws regarding the terms of office for these board members are contrary to state law. We found that some of these members have served on the board beyond the period allowed by law.

Six persons have served on the board beyond the period allowed by law.

The bylaws set the term of office at five rather than two years. In addition, while agency bylaws set the terms for members representing the poor and private sectors at five consecutive and ten total years, the bylaws allow each member to serve an additional one- or two-year period. As a result, these members may serve terms of 7 consecutive years or 12 total years — 2 years beyond the term allowed by law.

We reviewed the terms of office for persons on the board between April 1996 and September 1998 and found that ten members have exceeded the two-year term of office established by state law; two of these persons are current board members. We also found that six members serving on the board from April 1996 to September 1998 exceeded the consecutive years of service allowed. Each of these individuals had served a five-year board term and at least a one-year extension.

The actions of board members who serve beyond their authorized terms of office may be questioned. Also, allowing members to serve in excess of their terms prevents others from serving on the board.

Recommendation

12. To ensure compliance with §43-41-60 of the South Carolina Code of Laws, the GLEAMNS Board of Commissioners should amend its bylaws regarding the terms of office for board members who represent the poor and private sectors.

Board Member's Appointment

. . . the appointment of the current board member . . . was made in accordance with GLEAMNS by laws.

We concluded that the appointment of the current board member, a black male, who represents the private sector of Laurens County was made in accordance with GLEAMNS bylaws. It was alleged that a white male with the same first and last name was instead appointed to the board by the Laurens County Chamber of Commerce in late 1995.

GLEAMNS bylaws provide that the Board of Commissioners is to determine the private organizations that will serve on the board. Each private organization is then to inform GLEAMNS of its designee.

The office manager of the Laurens County Chamber of Commerce told us that the organization did not make an appointment to the GLEAMNS board in 1995. Although one board roster showed that the chamber appointed the current board member in September 1995, we found no evidence that the chamber submitted this person's name to the board.

Another board roster showed the appointment of the current board member by a second private organization, the National Association for the Advancement of Colored People (NAACP) of Laurens County in October 1995. The NAACP submitted a letter to GLEAMNS to this effect.

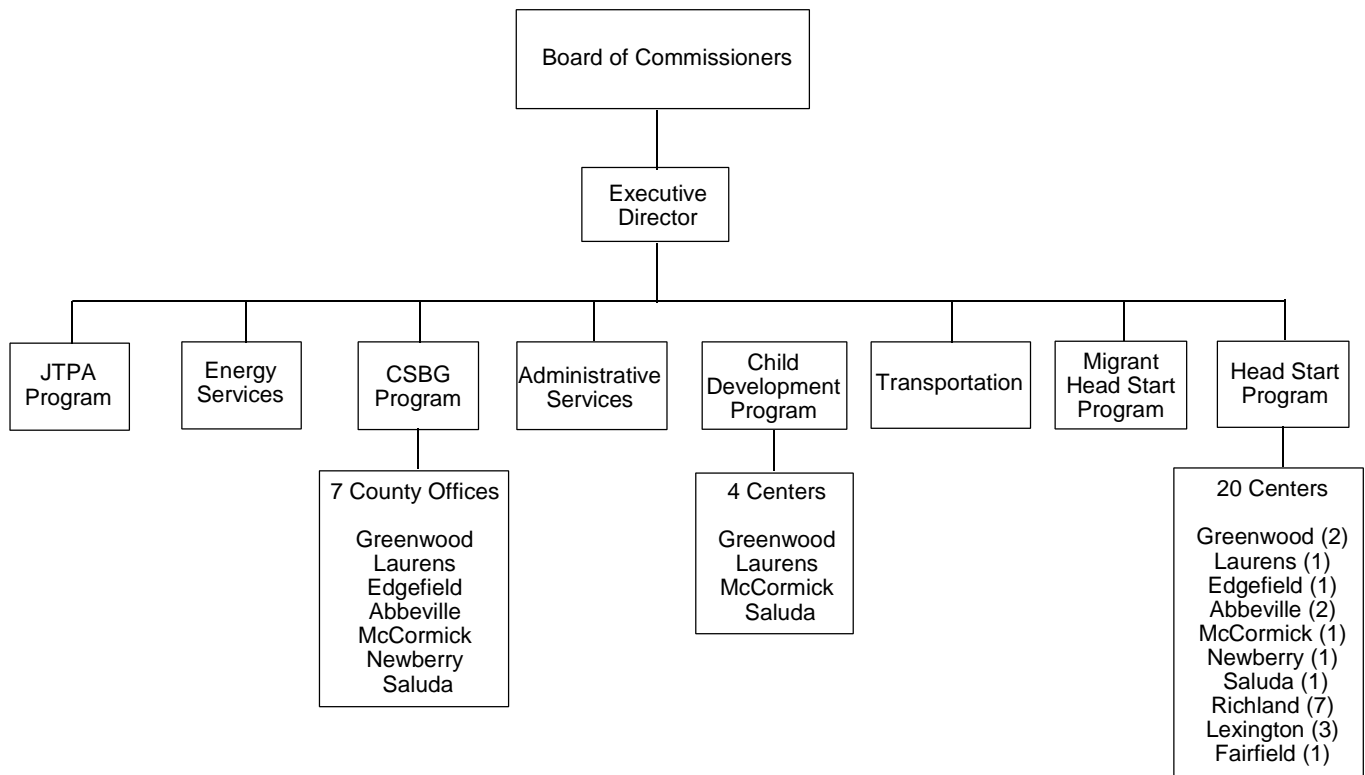
According to the board member and to a GLEAMNS employee who is responsible for updating board information, the board roster indicating appointment by the Laurens County Chamber of Commerce in September 1995 was due to a clerical error. The roster showing appointment by the NAACP in October 1995 was correct.

Chapter 4
Board Issues

Appendices

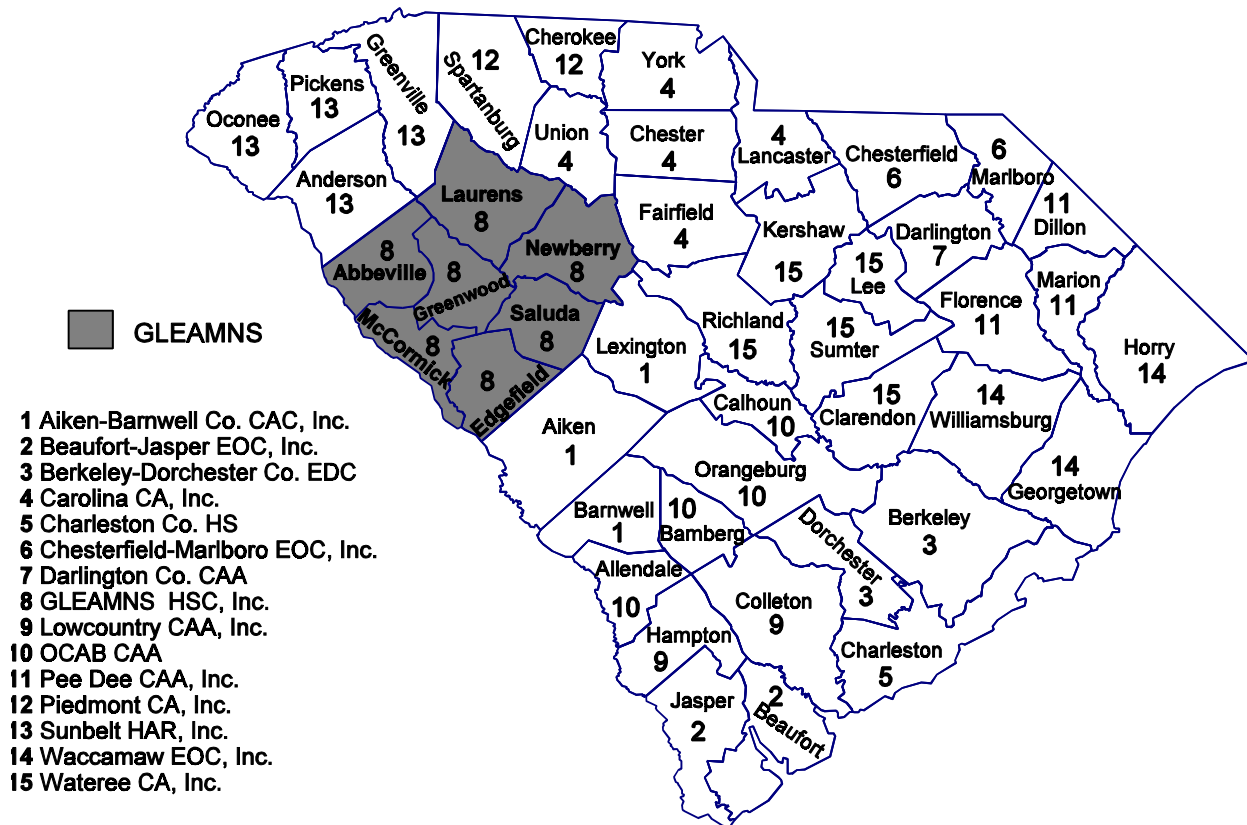
Appendices

Organizational Chart



Appendix A
Organizational Chart

CSBG Community Action Agencies



Source: The Office of the Governor's Division of Economic Opportunity.

Appendix B
CSBG Community Action Agencies

Agency Comments

Appendix C
Agency Comments

Response to Limited- Scope Review of GLEAMNS Human Resources Commission

April 27, 1999
(Amended April 28, 1999)

Prepared for
South Carolina Legislative Audit Council

by
Robert L. Beasley, Executive Director
GLEAMNS Human Resources Commission, Inc.

Table of Contents

Grant Administration	1
Head Start Expenditures (Ref. pp. 7-9)	1
Bidding Process	1
Conclusion:	3
Recommendations:	3
Head Start Policy Council (Ref. pp. 10-11)	4
CSBG Funds (Ref. pp. 11-12)	4
Personnel Management	4
Employee Grievances (Ref. pp. 13-16)	4
Employee Salary Decreases (Ref. pp. 16-18)	5
Staff Qualifications (Ref. pp. 18-19)	5
Employee Performance Evaluations (Ref. p. 20)	6
Board Issues	6
Selection Process for Board Members (Ref. pp. 21-22)	6
Election of Members to Represent the Poor Sector	7
Terms of Office (Ref. pp. 24-25)	7
Board Member's Appointment (Ref. pp. 25)	8

Grant Administration

Head Start Expenditures (Ref. pp. 7-9)

The agency does not concur with the finding in the Legislative Audit Council Report that a vendor was paid for services without adequate documentation. The general statement is misleading: a requisition is always prepared by the requesting individual and signed by the Program Director before any invoice is paid. The Finance Department considers this adequate documentation to pay an invoice.

However, the Finance Department realized during the early part of 1998 that a better method of verification needed to be in place to ensure that all work performed by one specific vendor was completed before payment was made. A meeting was held with the vendor and procedures were outlined. The procedures are being followed and the method is working very well. The Director of Administrative Services reviewed all files for this vendor since June 1998, and found each file to contain an invoice, purchase requisition, verification of services received, and purchase order.

In reference to the paragraph concerning an hourly rate for the specific vendor, this has not been the practice of this agency. However, since this has been brought to our attention, the vendor could be required to provide us with the number of hours worked and the rate.

Also with reference to the May 1998 memo written by the Director of Administrative Services, it was verified that all the work addressed in this memo had been completed before the vendor was paid for these services. The sidewalks had been power washed after hours and the air conditioners filters had been changed over the weekend; thus, center staff was not aware that the work had been completed because they were not present. The Executive Director and Program Director, rather than the center staff, had requested that these services be performed.

The agency was justified in utilizing the vendor to provide extra services. The contract with the vendor states that any extra work provided, but not covered by the contract, will be billed to the agency. Further, the extra work must first be approved by the Program Director who does so by signing the requisition.

Bidding Process

Contrary to the interpretation in the Legislative Audit Council Report, the agency has followed the bidding process procedures established in the Financial Policies and Procedures Manual:

- Item 1: Small Purchase Procedures are simple and informal procurement methods for purchases of single items under \$1,000, seeking the best price for a given item, based on professional judgement of the Program Director, and taking into account a variety of other factors, including: quality, warranty, dependability of vendor, past experience, and convenience/practicality and associated costs of making purchases (such as staff time needed to find or obtain least expensive item). An effort should be made and documented to compare prices for comparable items from different manufacturers or vendors, but only when practicable given the potential cost savings involved.

The Legislative Audit Council Report argues that the agency allowed a specific vendor “to perform work totaling \$1,000 or more . . . without solicitation of bids.” The agency contends that in the first two of the situations referenced, the bidding procedures were followed. In each case, separate small services, outside the scope of the contract, were provided by the vendor; the services were, however, in each of the cases billed on only one invoice and paid by only one check.

- Check No. 15955 - \$1,2006.75: The vendor agreed to service air conditioners at \$18.75 per unit. There were 19 units serviced at Rikard, 6 at Plum Branch, and 4 at Calhoun Falls. This came to a total of \$543.75. The vendor also installed two air conditioners at Rikard Center and two at Plum Branch Center. This came to a total of \$663. (The air conditioners were located in storage at the Brewer Center and had to be transported to the site. Since the vendor was already traveling to the sites, it was more cost effective to allow them to install the air conditioners.)
- Check No. 11555 - \$1,975: The vendor agreed to perform three separate tasks at different centers:
 - ▶ move furniture at Brewer Center for a cost of \$975. The furniture was to be moved out of approximately 10 offices before the carpet was installed by another vendor.
 - ▶ move furniture for the East Coast Migrant Program during the summer months to a storage area at the Johnston Center. The cost to move the three classrooms of furniture was \$400.
 - ▶ move furniture to the Rikard Center in Prosperity from the St. Andrews Center in Columbia. The vendor charged \$600 to move these items.
- ♦ **The agency treated the above requests separately; therefore, the \$1000 limit does not apply to this situation. The services took place at different times and at different centers. Because the vendor included the total amount on one**

invoice, it *superficially* appears that the agency did not adhere to its bidding and purchasing procedures.

In the other two situations cited, it was in the best interest of the agency to have the vendor that maintains the buildings, rewax the floors following construction and furniture being moved.

- Check No. 17965 - \$1,200: The vendor had the contract to provide custodial services to the North Hodges Center. The floors in three of the classrooms had to be stripped and rewaxed during the week the center was closed. Since this vendor has the contract to clean and maintain the floors, the agency saw no reason to hire a different contractor to strip and rewax those same floors. Therefore, the contractual service that maintains the floors was asked to do the work as well as to clean the rugs.
- Check No. 14139 - \$1,685: The vendor maintains the building at the Plum Branch Center. During Christmas vacation, renovations were made to the office area where a wall was removed to create more office space. During the renovations, the floors were damaged. Since the vendor had stripped and waxed the floors during the summer, the agency agreed that this vendor should be allowed to redo their work because problems could arise if different vendors were allowed to strip and wax floors that were being maintained by another vendor.

Conclusion:

The agency disagrees with the Legislative Audit Council Report that sound management controls were not implemented. The apparent problem with the only vendor reviewed by the audit team can be traced in to several small services being combined on two invoices, but this was an isolated case and the Legislative Audit Council Report conclusion is not a true statement of all invoices paid by the agency. Also, when the agency found that there was a problem, steps were taken to correct the problem. Since the new procedures were implemented in June of 1998, all invoices have been verified before payment.

Recommendations:

GLEAMNS Human Resources Commission implemented procedures in June of 1998 to ensure that sound business practices are followed and supporting documentation is reviewed prior to approval of payment of services. Before payments can be made to vendors, Program Directors must verify that the services have been received.

Sometimes in emergencies, or when time is a crucial factor, it has been necessary for Program Directors to give verbal approval for repairs or services. In these cases, work may have been authorized before the proper paperwork was completed. The agency will direct Program Directors to ensure that henceforth all paperwork for repairs or services be completed prior to work commencing.

GLEAMNS Human Resources Commission will review purchasing procedures for soliciting bids for good and services costing over \$1,000.

Head Start Policy Council (Ref. pp. 10-11)

GLEAMNS Human Resources Commission has developed written procedures describing how the agency's governing board, key management staff and Policy Council implements shared decision-making.

CSBG Funds (Ref. pp. 11-12)

No Comments

Personnel Management

Employee Grievances (Ref. pp. 13-16)

The list of grievances/appeals was given to the audit team by the Human Resources Manager and was taken from files in her office or from those in the Executive Director's office. The Human Resources Manager also identified the status of the cases with which she was familiar.

However, the board approved grievance policy currently in effect does not call for all grievances to be handled by one specific office; therefore, no one persons at GLEAMNS necessarily knows the status of all grievances or appeals at any given time. It is thus possible that the Legislative Audit Council team did not discuss with the appropriate staff member or grievance committee member the status of the 20 cases it classified as "unknown."

We will revise our grievance policy and make the Human Resources Manager responsible for Grievance Administration. The Human Resources Department will be responsible for enumerating the steps that a complaining employee must follow and setting out a timetable for response to resolve the grievance. The job description of the

Human Resources Manager will also be revised once the revised policy has been approved by the Board of Commissioners.

Employee Salary Decreases (Ref. pp. 16-18)

It is true that we made salary decreases ranging from \$1,352 to \$16,619 a year. We did not base the salary decreases because of the Wage Comparability Study but we made them due to job reassignments and to cause equity in salaries in our Head Start Program.

Staff Qualifications (Ref. pp. 18-19)

Head Start Director: At the time the present Head Start Program Director was hired, the qualifications were as follows:

Possession of a Bachelors Degree from an accredited college or university with a major in Public Administration, Business Administration or a closely related field. Five years of full-time or its equivalent experience in an administrative capacity in Early Childhood Education, Early Childhood Development or related Human Services Program responsible for providing services to children and families. At least one year of this experience must have included the responsibility for both supervision and program development, planning and implementation. It is preferable that the experiences have been in a governmental jurisdiction. Substitution: Additional qualifying experience may be substituted for the required education on a year for year basis up to a maximum of five years.

The present Head Start Program Director does not have previous administrative experience in Early Childhood Education or Development, but that was offset by his advanced degree and many years experience in teaching and administering local government.

Head Start Teacher Assistants:

We require Teacher Assistants to have a high school diploma and we prefer but do not require previous child care experience. Child care certification is not a requirement for teacher assistants.

We cannot identify any Teacher Assistant employed with the Head Start Program who do not meet minimum job requirements.

Case Manager for Job Training Partnership Act (JTPA):

In order for individuals to meet the qualifications for JTPA Case Manager, they have to meet at least one of the following requirements:

1. B.S. Degree in Social Work; or
2. A minimum of six years prior JTPA experience.

However, applicant pools sometimes have no applicants with prior experience. In those cases we can only hire individuals with B.S. Degrees and no prior experience. These applicants are often new college graduates with B.S. Degrees but no experience. Also, because of the low starting salaries of Case Managers, we do not attract those persons with both a degree and experience.

Employee Performance Evaluations (Ref. p. 20)

A Task Force from the Board of Commissioners reviewed the agency's Performance Evaluation Program and made their presentation to the Board of Commissioners on November 19, 1998

Board Issues

Selection Process for Board Members (Ref. pp. 21-22)

GLEAMNS will address the section of the By-Laws to deal with the election of members who represent the poor sector. We will amend the By-Laws to comply with the South Carolina Code of Laws.

With the consolidation of Community Action Agencies throughout the state and because of a lack of funds, we are no longer required to designate the target (poor) area and specify communities as poor. We are required to have representation of the poor on the Board of Commissioners, and that person may or may not be poor.

Several years ago, when the consolidation was completed, the size of the agency's Board became an issue that had to be addressed. **While reducing the Board size, it was required that the 1/3, 1/3, 1/3 ratio remain intact so that we would be in compliance with the federal and state laws.** While addressing the size of the Board,

it was decided that each county served by the agency would have one representative from each sector (poor, public and private) to serve on the Board of Commissioners.

The agency has been in operation for more than thirty years. The persons who are eligible to participate in the programs know about the services that are available to them.

Granted, the persons who serve on the Board of Commissioners representing the poor may not, themselves, be poor, but they let it be known that they represent the poor sector when speaking and addressing issues in specific programs operated by the agency.

Election of Members to Represent the Poor Sector (Ref. pp. 22-24)

GLEAMNS cannot identify the County or persons in question. If names appeared on the roster for attending the meeting, these persons were present.

The Executive Director provided the agency's Executive Secretary with a statement regarding the meeting held on October 22, 1998. The recorder for the meeting has not provided minutes of the meeting to GLEAMNS' Executive Secretary.

We canceled and announced the meeting in question through the media later. There were twelve persons present and we carried out the election. The person elected served their full term.

The Community Involvement Leader conducted the meeting in question prompted by a Board member before the media released an announcement of the meeting.

This occurred in Newberry County. The employee is new in that office and there has been no election held since we hired this individual.

We will give the employee the necessary guidance and procedures before we hold another election.

Terms of Office (Ref. pp. 24-25)

The staff will amend the By-Laws to comply with Section 43-41-60 of the South Carolina Code of Laws, to be approved by Board of Commissioners.

The two-year time for the private and poor sectors was an oversight on our part. We were busy trying to ensure that the state law complied with the federal law that we overlooked the two-year time. At the time, had we been aware of this stipulation we would not have exceeded the two-year limitation. There would not have been any reason to amend the By Laws for the additional service time and we would not be operating contrary to the state law.

Board Member's Appointment (Ref. pp. 25)

No comments

State of South Carolina
Office of the Governor

April 23, 1999

Mr. George L. Schroeder
Director
Legislative Audit Council
400 Gervais Street
Columbia, SC 29201

Dear Mr. Schroeder:

Thank you for allowing the Office of the Governor's Office of Economic Opportunity, formerly the Division of Economic Opportunity (DEO), to respond to select pages contained in the Legislative Audit Council's (LAC) draft report entitled *A Limited-Scope Review of the GLEAMNS Human Resources Commission*. The select pages concerned the expenditure of Community Services Block Grant (CSBG) funds and Board Issues.

We are pleased that the LAC staff did not denote any problems with the Office of Economic Opportunity's oversight and compliance monitoring of the CSBG grant funds and that the eligible entity, GLEAMNS Human Resources Commission, expended the allocated funds in accordance with the State's CSBG Plan and Grant Agreement.

In the matter of the Board Issues relating to representation of the poor sector, this Office will increase its emphasis, during routine grant program monitoring, on the review of current board membership and board meetings to ensure compliance with Federal and State CSBG requirements. As the report noted, the State incorporates the Federal assurance regarding an eligible entity's tripartite board membership and representation, including the poor sector, as a funding requirement in order to comply with the CSBG Act. This assurance was continued and expanded by Federal legislation enacted in 1998, cited as the Coats Human Services Reauthorization Act of 1998, referred to as the 1998 CSBG Reauthorization Act, that amended the Head Start, the Low-Income Home Energy Assistance Act of 1981, and the Community Services Block Grant Act (42 U.S.C. 9901 et seq.).

The expanded CSBG assurance requires that the State will require eligible entities to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization or low-income individuals, to be inadequately represented on the board to petition for adequate representation. And that not fewer than 1/3 of the tripartite board members are persons chosen in accordance with democratic selection procedures adequate to assure that these members are representative of low-income individuals and families in the neighborhood served.

To ensure compliance with the expanded assurance on the tripartite board, the Office of Economic Opportunity will annually review, as part of the eligible entity's application, the democratic selection procedures, the adequacy of low-income representation, and how the low-income individuals or their representatives are integral to the Board's decision-making and program participation.

In closing, thank you and your staff, especially Priscilla T. Anderson, for the professionalism and cooperative spirit exhibited by all. It is sincerely hoped the Council's report will enable the GLEAMNS Human Resources Commission to better serve the State's low-income citizens in its service area.

Sincerely,
W. Edward Jordan
Director, Program Services

WEJ:bg
Cc: Anthony C. Kester
Director, Division of Administration and Economic Services

This report was published for a total cost of \$316.58; 170 bound copies were printed at a cost of \$1.86 per unit.
